

DEPARTMENT OF TRANSPORTATION

M e m o r a n d u m**To:** CHAIR AND COMMISSIONERS**CTC Meeting:** March 15-16, 2006**Reference No.:** 3.1
Information Item**From:** CINDY McKIM
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Chief
Division of Budgets**Ref:** **CALTRANS MONTHLY FINANCE REPORT**

This report represents activity for the month ending December 31, 2005. The “baseline” forecast used for comparison purposes is the cash forecast presented to the California Transportation Commission (Commission) at the November 2005 meeting.

PURPOSE

The purpose of the cash forecast is to estimate and monitor the balance of the following funds: the State Highway Account (SHA), Public Transportation Account (PTA), Traffic Congestion Relief Fund (TCRF), and Transportation Investment Fund (TIF). Cash forecasts allow the Department of Transportation (Department) to determine the level of allocations that can be authorized and to prepare for low or high cash periods. Each month, reported actuals are compared to the forecast. If actuals begin to differ from the forecast, the Department will evaluate the cause and adjust the forecast methodology, if necessary.

DECEMBER 2005 HIGHLIGHTS

As the chart below shows, all of the forecasts are relatively on target and no changes to the allocation plan are recommended at this time.

December 2005 Ending Cash Balance Actual vs. Projected			
	Forecast	Actual	Difference
SHA	\$750	\$722	-\$28
PTA	\$160	\$220	\$60
TCRF	\$160	\$172	\$12
TIF	\$90	\$53	-\$37

FISCAL YEAR (FY) 2005-06 ALLOCATION PLAN

The following chart shows the progress toward meeting the FY 2005-06 Allocation Plan. The funding capacity for all funds is \$4.304 billion. Allocations represent Commission votes, emergency project funding (G-11), and projects processed under the Department's delegated authority. As approved by the Commission, a supplemental fund allowance of \$300 million has been included as a separate line in the plan. This display change caused adjustments to previously reported allocation amounts.

(\$ in Millions)	SHOPP	STIP	TCRF	Subtotal	Tribal Gaming	Total
State Highway Account (SHA)	\$1,800	\$501	\$0	\$2,301	\$450	\$2,751
Public Transportation Account (PTA)	0	115	0	115	120	235
Traffic Congestion Relief Fund (TCRF)	0	0	678	678	290	968
Transportation Investment Fund (TIF)	0	350	0	350	0	350
Total Allocation Plan	\$1,800	\$966	\$678	\$3,444	\$860	\$4,304
TCRF Reserve	\$0	\$0	\$79	\$79	\$0	\$79
July-February CTC Allocation	1,465	868	589	2,922	0	2,922
Subtotal of New Allocations	\$1,465	\$868	\$668	\$3,001	\$0	\$3,001
Remaining Unallocated	\$335	\$98	\$10	\$443	\$860	\$1,303
\$300 Million Supplemental Allowance						\$300
July - February Voted by CTC	94	86	0	180	0	180
January 9, 2006 - G-12 Report	25	60	0	85	0	85
Subtotal Supplemental	\$119	\$146	\$0	\$265	\$0	\$265
Remaining Supplemental Allowance						\$35
Grand Total Allocations and Supplemental	\$1,584	\$1,014	\$668	\$3,266	\$0	\$3,266

The \$300 million in supplemental allowance has been nearly exhausted. The Department is reviewing the future impact of additional supplemental allocation requests.

FUNDS DISCUSSION***State Highway Account***

The SHA ending cash balance was \$28 million (4 percent) below forecast.

- Federal receipts were \$99 million (44 percent) below forecast. This decrease is partially due to low local assistance expenditures. Local assistance federal expenditures have been low to date and corresponding reimbursements are low. This has no impact to the SHA, but does impact total reimbursement that the Department reports. Federal receipts have been consistently below forecast for the fiscal year. If federal receipts continue to come in below expectations, the trend will be adjusted. Obligation authority (OA) and apportionment details were not provided to the Department until December 2005. This caused a delay in assignment of federal funds to projects. It is expected that as the fiscal year progresses, these receipts will more closely reflect the forecast each month.
- Local assistance expenditures were \$68 million (48 percent) below forecast. Local assistance has been consistently below forecast each month for the fiscal year by an average of \$43 million per month. The low local assistance expenditures correspond to low local assistance federal reimbursements so far this year, as discussed above. This trend will be adjusted during the next cash forecast update.
- State operations expenditures were \$96 million (45 percent) lower than forecast. State operations actuals have been consistently higher than the forecast each month for the majority of the fiscal year. While such a large difference is rare, this month's lower expenditures offset the increased expenditures experienced so far this year. The year-to-date net difference is \$34 million (3 percent) below forecast.
- A \$53 million transfer to the PTA of Non-Article XIX funds was actually \$80 million, or \$27 million higher than forecast.
- Transportation Revolving Account (TRA) activity accounts for the remainder of the difference, at \$22 million below forecast. The TRA represents the timing difference between recording of expenditures and actual cash disbursement.
- Capital outlay expenditures were \$14 million (12 percent) lower than forecast. Capital outlay expenditures have fluctuated above and below forecast slightly since July 2005. However, the overall difference year-to-date is only \$3 million (1 percent) above forecast.
- Fuel taxes were \$6 million (3 percent) below forecast. Overall, fuel taxes have been slightly lower than forecast for the year. The year-to-date cumulative difference is \$41 million (4 percent) below forecast. This trend will continue to be monitored and adjusted as necessary.
- Weight fees were relatively on target at \$3 million (4 percent) higher than forecast. Year-to-date actual receipts have been \$32 million (8 percent) above forecast.

Although detailed accounting data is not available, preliminary data indicates that the January 2006 balance is significantly lower than forecast. The low January 2006 balance is due in part to the fact that the remaining transfers to the Toll Bridge Seismic Retrofit Account occurred in January 2006. These transfers were originally forecast to occur quarterly, however, all of the

remaining amounts were transferred in January 2006 to ensure that the Department would be able to meet its obligations per AB 144 (Chapter 71, Statutes of 2005) and ensure that the transfer of project responsibility to the Bay Area Toll Authority did not affect the ability of the Department to make the transfer. It is expected that the lower than forecast cash balance will be temporary and should not impact the Commission's allocation plan.

Federal Trust Fund

The Department received notification of Federal Fiscal Year 2006 OA on December 28, 2005. Approximately \$2.4 billion of OA remained unobligated as of December 31, 2005. The Department expects to fully utilize all of the 2006 OA by the end of the federal fiscal year. Total Advance Construction, including Grant Anticipation Revenue Vehicles (GARVEE), Toll Bridge Seismic Retrofit Program, Local Assistance, and Emergency Relief, was \$4.2 billion.

GARVEE Projects Expenditure Report

All GARVEE projects have been awarded at a total value of \$658 million. Expenditures through December 31, 2005 total \$228 million, 11 percent below the forecast amount of \$255 million. Total interest earned on the balance is \$24 million. Total interest paid is \$39 million, at an interest rate of 3.03 percent.

The chart below compares each GARVEE project expenditure to date against the forecast to date.

Project	Forecast	Actual	Difference	% Difference
I-5 Managed Lanes	\$59,860	\$50,283	-\$9,577	-16.0%
60-91-215 Interchange	88,000	91,549	3,549	4.0%
I-880/Coleman Interchange	51,059	37,321	-13,738	-26.9%
SR-87 North	14,577	14,487	-90	-0.6%
SR-87 South	18,426	3,624	-14,802	-80.3%
I-5 HOV Lanes	9,540	10,519	979	10.3%
I-405 Auxiliary Lane	1,200	9,875	8,675	722.9%
I-405/Hwy. 101 Gap Closure	12,706	10,668	-2,038	-16.0%
Total	\$255,368	\$228,326	-\$27,042	-10.6%

Attachment 5 displays forecast and actual GARVEE activity for Fiscal Years 2005-06 and 2006-07. Attachment 5 reflects the impact of a slow start but shows actuals are now trending with the forecast.

Public Transportation Account

The ending cash balance for December 2005 was \$60 million (38 percent) above the forecast amount of \$160 million.

- The State Controller's Office was late in making the quarterly transfer to the State Transit Assistance (STA) fund. This transfer was forecast to occur in December 2005 but did not

occur until January 2006. The estimated STA transfer is \$50 million. (4 percent) below forecast. This trend will continue to be monitored and adjusted as necessary.

- A Non-Article XIX transfer from the SHA of \$53 million was forecast to occur but the actual transfer amount was \$80 million, or \$27 million higher than forecast.

The cash balance should return to near forecast levels soon, and there is no impact to the Commission's allocation plan.

Traffic Congestion Relief Fund

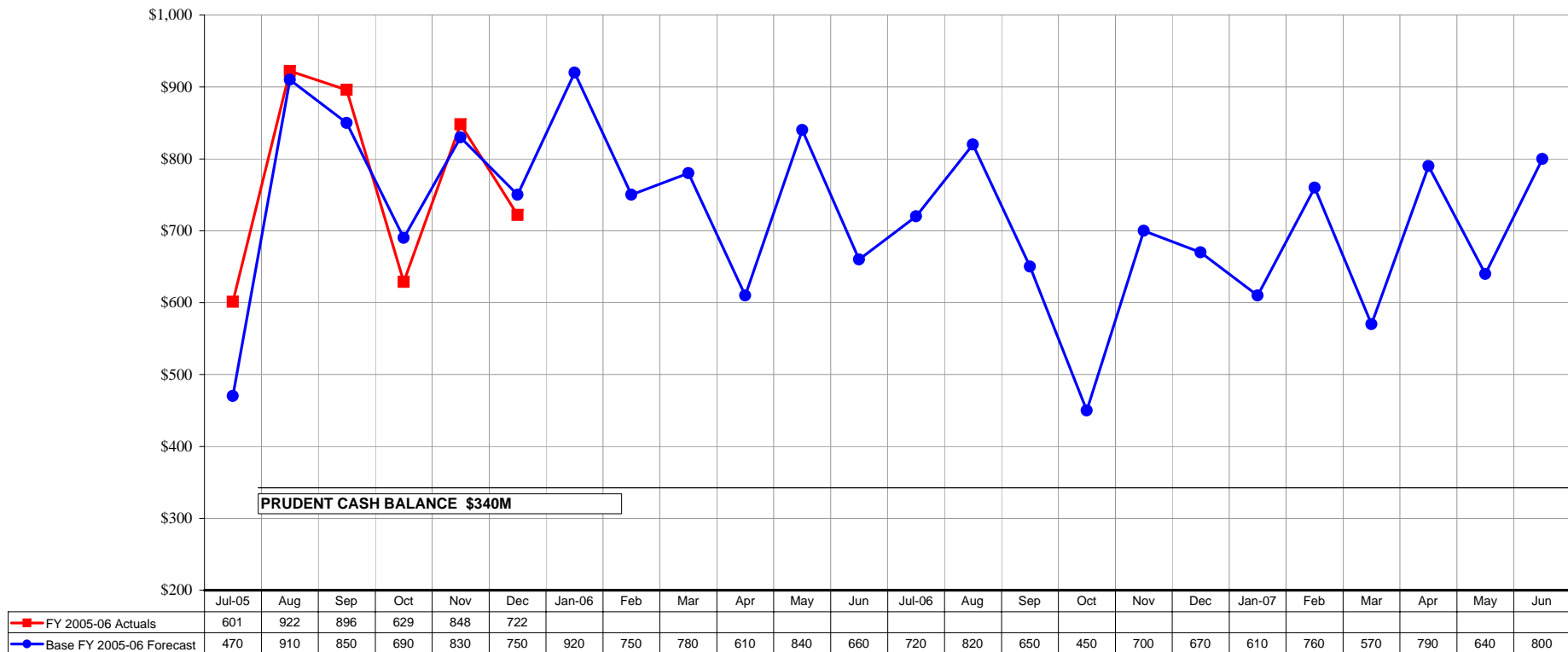
The ending cash balance for December 2005 was \$172 million, which was \$12 million (8 percent) higher than forecast. The majority of the difference is due to TRA activity (\$16 million) and the delayed payout of a Letter of No Prejudice. These differences will not affect the Commission's allocation plan.

Transportation Investment Fund

The ending cash balance for December 2005 was \$53 million, which was \$37 million lower than forecast. As discussed in prior reports, the difference is due to a calculation error that incorrectly over-estimated TIF revenue for the first quarter. This will be corrected in the next forecast update. This will have no impact on the allocation plan, which is based on the annual estimated TIF revenue.

There was no expenditure activity in December 2005, although \$3 million in expenditures were forecast.

24-Month State Highway Account (SHA) Cash Forecast (\$ in millions)



Base FY 2005-06 Forecast Assumptions:

- ▶ Based on 2006 Fund Estimate Tier 1(B).
- ▶ Does not assume tribal gaming revenue.
- ▶ Assumes FY 2005-06 non-capital outlay support expenditures at the level included in the 2005-06 Budget Act. Future years are escalated at a rate of 3.1 percent, as applied in the 2006 Fund Estimate.
- ▶ Assumes Bargaining Unit 9 salary increases.
- ▶ Prudent Cash Balance increased to \$340 million in FY 2005-06, per 2006 Fund Estimate.

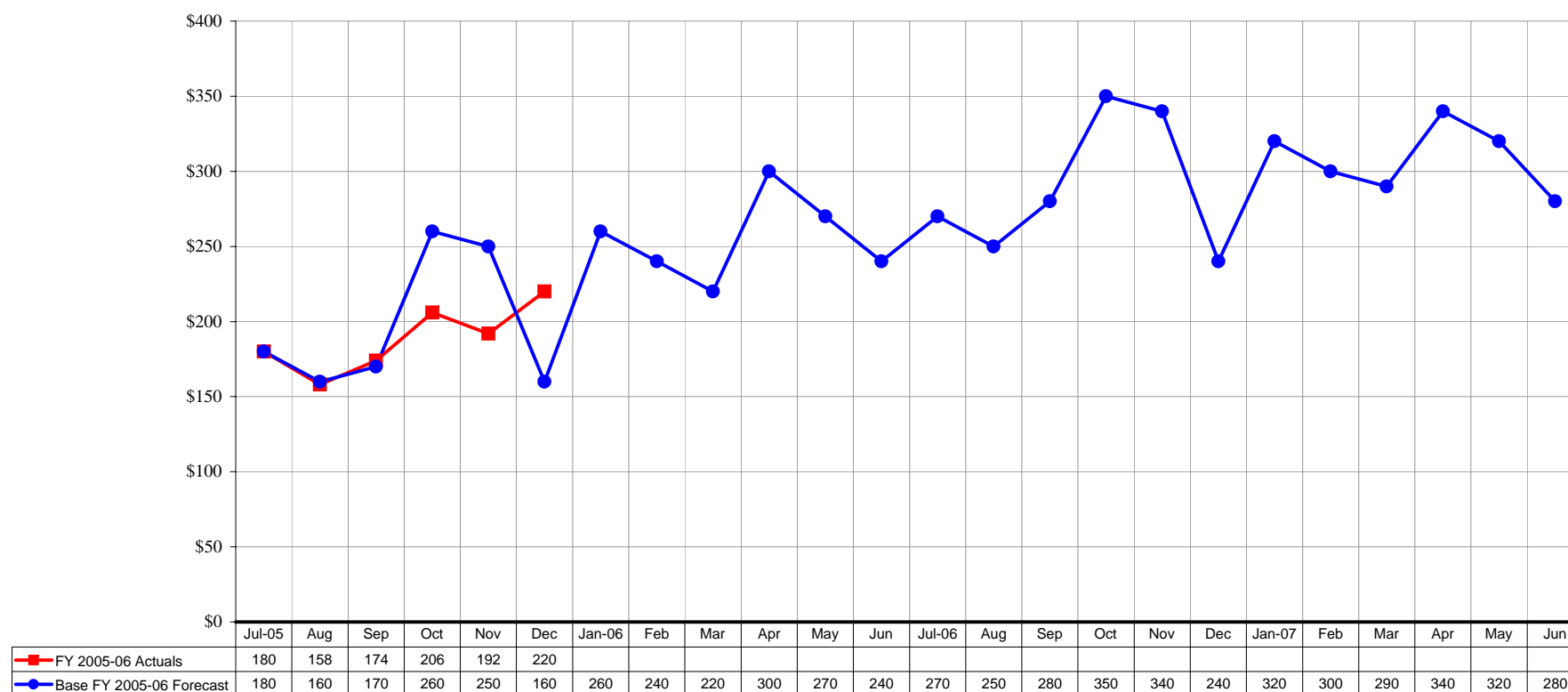
Differences from 2006 Fund Estimate:

- ▶ Assumes miscellaneous revenue and expenditures assumptions for Items in Transit and Transportation Revolving Account.

Allocation Assumptions:

- ▶ Assumes \$2.3 billion in allocations for FY 2005-06 and \$2.2 billion in FY 2006-07.

24-Month Public Transportation Account (PTA) Cash Forecast (\$ in millions)



Base FY 2005-06 Forecast Assumptions:

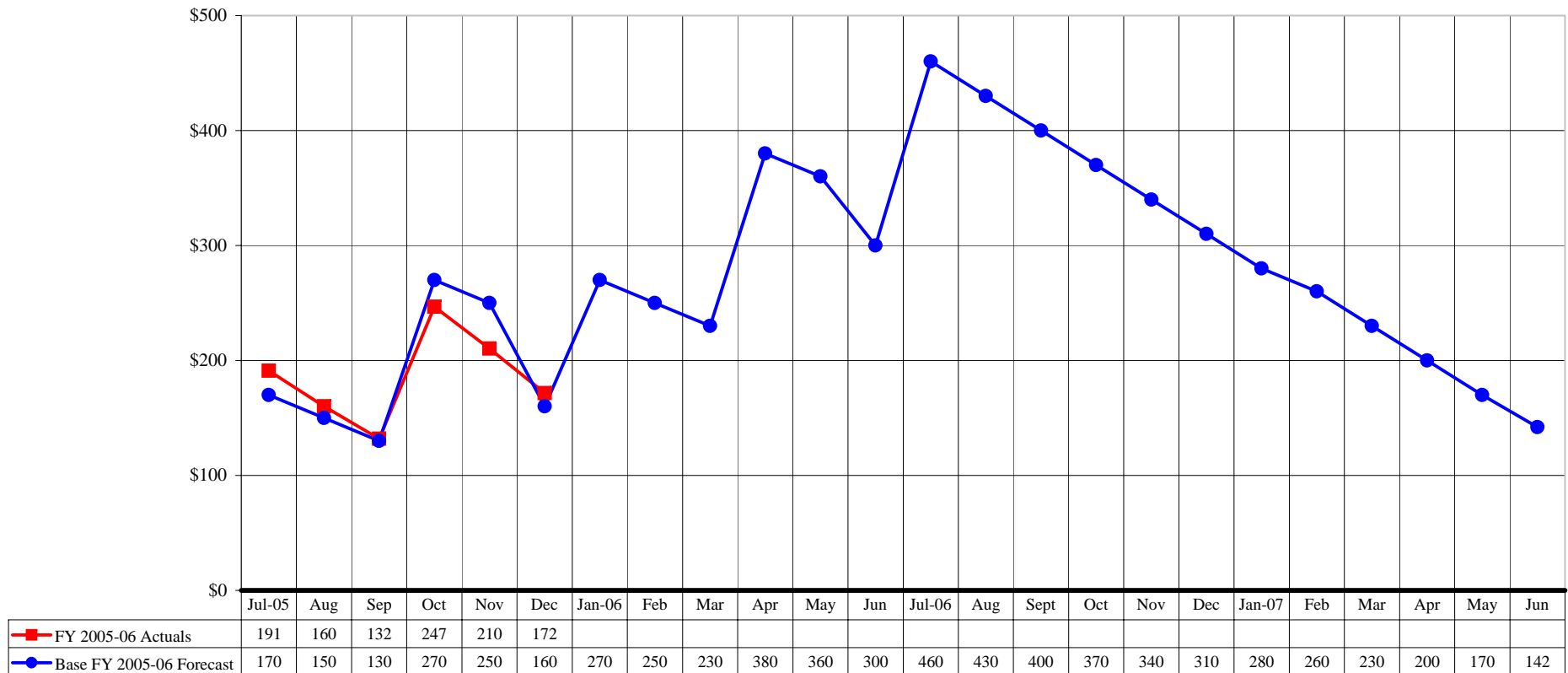
- ▶ Based on 2006 Fund Estimate Tier 1(B).
- ▶ TIF revenue in FY 2005-06 included.
- ▶ TIF suspension in FY 2006-07.
- ▶ Assumes no spillover revenue.

Allocations:

- ▶ The FY 2005-06 allocation plan proposes \$115 million in allocations.
- ▶ There are no allocations proposed for FY 2006-07, unless spillover revenue is received.

24-Month Traffic Congestion Relief Fund (TCRF) Cash Forecast

(\$ in millions)

**Base FY 2005-06 Forecast Assumptions:**

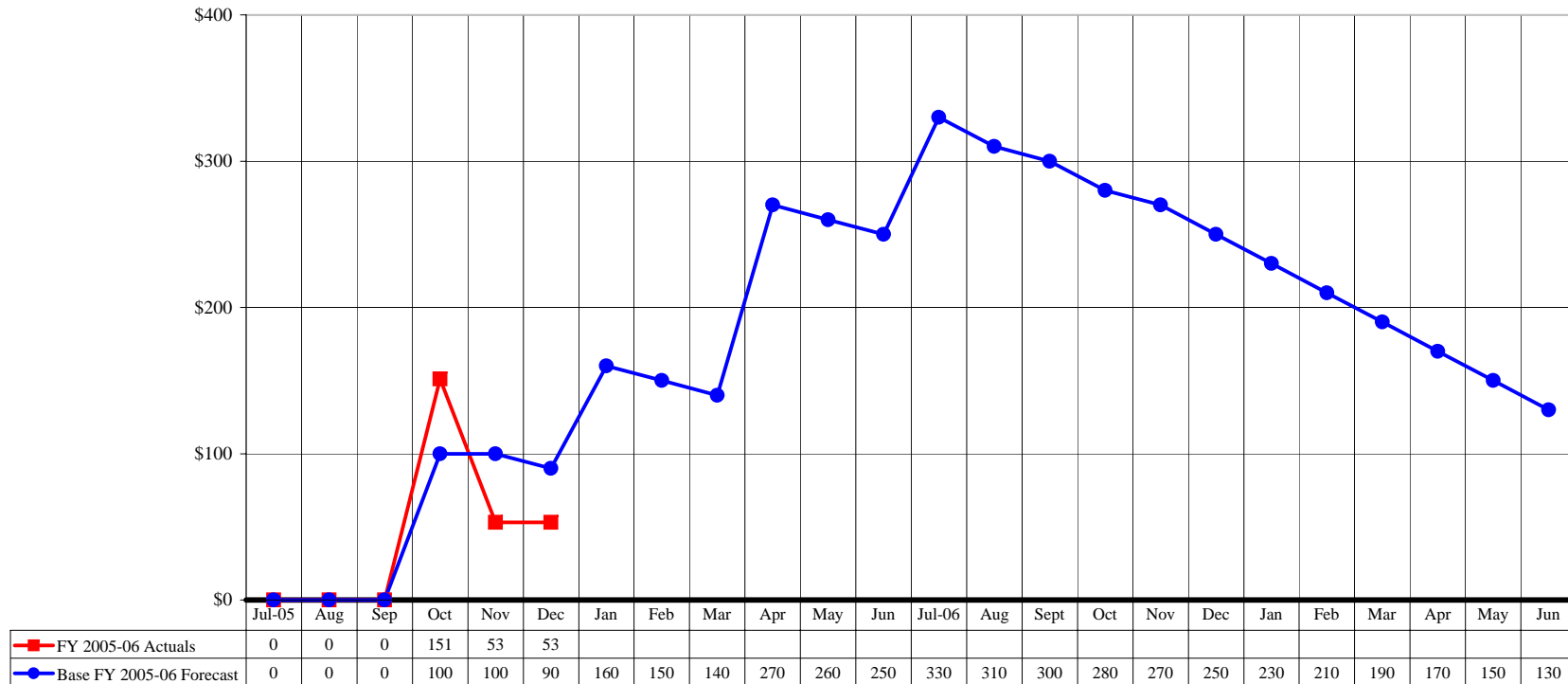
- ▶ Based on TIF 2006 Fund Estimate Tier 2(A).
- ▶ Tribal gaming revenue not included.
- ▶ Annual transfer from TIF of \$678 million to occur quarterly in FY 2005-06
- ▶ Assumes no revenue from TIF in FY 2006-07.

Allocations:

- ▶ The FY 2005-06 allocation plan proposes \$678 million in allocations, including \$86 million for existing projects
- ▶ There are no allocations proposed in FY 2006-07.

24-Month Transportation Investment Fund (TIF) Cash Forecast

(\$ in millions)

**Base FY 2005-06 Forecast Assumptions:**

- ▶ Based on 2006 Fund Estimate Tier 2(A).
- ▶ Transfer from General Fund of \$1.313 billion.
- ▶ Transfer of \$678 million to TCRF in FY 2005-06.

Difference from 2006 Fund Estimate:

- ▶ No transfer from General Fund in FY 2006-07.
- ▶ Transfer to TCRF suspended in FY 2006-07.
- ▶ Assumes three quarterly transfers from General Fund, as portion of \$1.313 billion to be received in FY 2005-06.
- ▶ 4th quarter transfer of remaining \$1.313 billion assumed in 1st quarter of FY 2006-07.

Allocations:

- ▶ The FY 2005-06 allocation plan proposes \$350 million in allocations.
- ▶ The FY 2006-07 allocation plan proposes \$250 million in allocations.

24-Month Grant Anticipation Revenue Vehicles (GARVEE) Forecast (\$ in millions)

